CALPEEK

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***CAMPAIGN 2002:* RIORDAN FORMS EXPLORATORY GROUP AND HITS CAMPAIGN TRAIL FOR 90 DAYS.**

Editor's note: As **Calpeek** hit deadline, former L.A. Mayor Richard Riordan was to announce the formation of an exploratory committee for Governor of Calif. Here's our update and analysis, including some polling data from one of Riordan's two GOP gubernatorial rivals...

...The formal announcement about Riordan's exploratory committee in L.A. was set for July 26th – the day **Calpeek** went to press. The day before (July 25th) Riordan was in the Silicon Valley meeting with potential supporters. On Friday, July 27th, Riordan was due in San Diego and during the week of July 30th the former L.A. mayor is scheduled to be in the Central Valley and Inland Empire. It's anticipated that Riordan will be on the road for the next 90 days before making a final decision, but most **Calpeek** sources say this is a *done deal* and that Riordan will run for governor in the Mar. 5th GOP primary...

...Riordan has tapped savvy GOP spin MD Dan Schnur as his exploratory committee "coordinator." Schnur's job will be to assist Riordan in putting together a campaign team. Schnur won't be the campaign mgr. Once the team is put together he'll likely be the mayor's chief spokesperson. Riordan has opened a temporary office in downtown L.A. (213)830-5372. In addition to Schnur, Riordan has tapped his longtime fundraiser Alice Borden to assemble a team of her colleagues in different parts of the state. That's being done right now. Kevin Spillane, who has headed the Draft Riordan Cmt., is in line for a sr. level spot. Other than Schnur, there won't be a *heavy Wilson presence* on the campaign team and Schnur believes that Riordan will pick some well known conservatives to round out his team. Riordan is definitely a moderate GOPer – in contrast to his two GOP rivals, Bill Jones and Bill Simon, who are both far more conservative than Riordan...

...Up until this point in time, Riordan's actions with regard to the governor's race have been mixed and unfocused. And he was being pulled in several different directions. The old Wilson crowd (read that as Bob White, Gary Hunt & Co.) was pulling in one direction, while former Demo political consultant Clint Reilly was pulling in another direction. And Riordan was listening to both – and becoming confused, in the opinion of some political insiders close to the situation...

...Although Riordan is now officially in the hunt, the trail won't be a smooth as his supporters had hoped. And it's not likely that Jones or Simon can be persuaded to drop out. Both have invested too much time at this point. And from their recent comments, it's obvious that they regard Riordan as a RINO – Republican In Name Only...

...FYI: Simon's campaign team piggy-backed onto a Public Opinion Strategies survey in early July (392 likely GOP and DTS voters who can vote in a GOP primary). The Simon team asked a series of push questions mostly about Riordan's support of Demos and his stand on issues (anti-gun & pro-choice). In a first test with all three, it's Riordan 35%, Jones 18%, Simon 7%, with 40% undecided. And then after a bio of Simon is thrown into the mix with the push questions, it comes out Simon **58%** vs. Riordan **24%**, with **17%** for others or undecided. Stay tuned...

***CAMPAIGN 2002*: WILL FORMER SAN JOSE MAYOR McENERY BATTLE CURRENT MAYOR GONZALES??**

Editor's note: San Jose Mayor Ron Gonzales may end up with two solid challengers when he faces reelection next year. One of those challengers may be former Mayor Tom McEnery, who served as mayor from 1982-90. Here's our first look at this battle in Calif.'s 3rd largest city...

...With a population of 861,000+, San Jose is the best known city within Calif.'s *Silicon Valley*. This high-tech city is solid Demo turf (Al Gore carried much of San Jose by a 2-to-1 margin over Pres. George Bush). The city has 383,545 registered voters, of which 47.9% are Demos vs. 28.8% are GOPers. San Jose has produced some well known and highly respects mayors: Norm Mineta, now U.S. Dept. of Transportation Secretary; Susan Hammer and McEnery. The jury is still out on whether Gonzales should be grouped with these others...

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…Gonzales was elected in 1998, beating GOP San Jose Councilwoman Pat Dando. And for much of the time the 50-year-old mayor has been in office, everything was great for this former Santa Clara Co. supervisor and one-time mayor of Sunnyvale. But Gonzales' world came crashing down in September of 2000 when he admitted having an affair with a 25-year-old staffer, Guisselle Nunez. Unlike U.S. Rep. Gary Condit(D-Ceres), when confronted Gonzales quickly went public. Gonzales and his wife are divorcing – and Gonzales has resumed his relationship with Nunez, who is now working in the private sector. And let's face it, it's this extra-martial relationship which makes Gonzales' reelection interesting and somewhat *iffy*…

…Before McEnery expressed strong interest in running, there was an early Spring rumor that U.S. Rep. Zoe Lofgren was interested. Gonzales and Lofgren served together on the Santa Clara Co. Bd. of Supes and they didn't always hit it off well. But it was just a rumor, because Lofgren is running for reelection to the 16th CD…

…A more serious challenger might be Santa Clara Co. building & construction trades union leader John Neece, who retires from his job this September. Just last week the *San Jose Mercury* ran a blurb that Neece was indeed looking at the race. That story has caused some friction between Gonzales and Neece. Our sources are divided on whether Neece will actually run…

…Back to McEnery. He still has strong name ID and the convention center in San Jose carries his name. And McEnery has been very critical of Gonzales for his role in once opposing Calpine Corp.'s proposed power plant in Coyote Valley. Not long ago, Gonzales did a *flip-flop* and now favors construction of this 600-megawatt plant. His opposition and flip/flop add to the vulnerability factor. Gov. Gray Davis favored the Calpine project…

…FYI: The big question – where will U.S. Rep. Mike Honda(D-San Jose) fit into Gonzales' reelection picture? Remember: Gonzales backed Bill Peacock over Honda in the Demo U.S. House primary. Will Honda support Neece or McEnery over Gonzales??? Stay tuned…

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CALIF.'s 2001-02 BUDGET: LOTS OF HORSE TRADING. Editor's note: Calif.'s new $101 billion budget was **24** days late arriving at Gov. Gray Davis' desk – politics more than policy was the cause of the delay. Here's our brief update & analysis…

…As insiders know, it takes a ***2/3rds*** vote to pass the State Budget and accompanying trailer bills which implement the spending plan. And while Demos hold big advantages in both legislatives houses, the GOP minority held up the budget for 24 days. But in the end, Gov. Davis and the Demos essentially got what they wanted, while the GOP minority got bashed in several editorials for their delaying tactics…

…Why the delay? Most Demo sources think GOP Senate Leader Jim Brulte and GOP Assembly Leader Dave Cox were determined to find some reason to stall the budget to keep Gov. Davis from bragging about getting 3 consecutive budgets out on time. For some reason the GOP leadership got all jacked up about ***sales taxes***. In 1991, then Gov. Pete Wilson(R) and then Speaker Willie Brown(D) cut a deal to bail Calif. out of a $14 billion deficit. Part of the deal was this: in good times, when there are 2 consecutive budgets with ***reserves of 4%***, then the sales tax can be reduced. A ¼ % cut has been in effect all this year and will continue until Jan. 1, 2002. The GOP wanted this cut to remain. Only one problem: not enough revenue right now…

…After some horse trading, with just enough GOP legislators being "peeled off," a budget deal was cut in both houses. ***The horse trade deal***: Legislators lowered the ***trigger*** on the budget reserve from **4%** to **3%**. In other words, if Davis can reduce the budget enough to give him a 3% reserve, then the ¼ % sales tax cut stays in place…

…The other key piece of horse trading involved the sales tax on gasoline. Here the GOP wanted a constitutional guarantee that sales tax on gas would only be used for transportation purposes. Right now funds from the sales tax on gas and other fuels goes into the General Fund. While some of this money is used for transportation, the funds can be used for anything. In order to get the budget, the Demos cut a deal on this point with ACA 4, the ***Motor Vehicle Fuel Sales Tax Revenue & Transportation Improvement Fund***. The key authors are Assembly Trans. Chair John Dutra and Assemblyman John Longville; Senate Trans. Chair Kevin Murray and Sen. Betty Karnette + Senate Demo PPT John Burton and Senate Budget Chair Steve Peace. The language in the constitutional amendment was drafted by a team of State senate staffers led by Irwin Nowick…

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…Here's what ACA 4 does: 1) beginning in July 2003, all the sales tax on gas & fuels goes to transportation; 2) the legislature can with a 2/3rds vote, override ACA 4; 3) all of gas & fuels sales tax money (about $1.2 billion annually) will be run through the General Fund, thus there's no hit on education funding – Prop. 98; and 4) 60% of the transportation money is earmarked for light rail, buses and for local government…

…FYI: the powerful CA Teachers Assn. isn't thrilled with ACA 4, but at this point it's unclear whether they'll fight this plan in March when it comes up before voters. Once before, prior to Prop. 98, there was an attempt made by the late Paul Gann and Joel Fox to have sales tax on gas used only for transportation purposes. But Prop. 72 was crushed in 1988 by a 62% NO vote, with CTA leading the charge. However, a new poll by Fairbank, Maslin & Maullin suggests that even after a hard hitting attack, ACA 4 still gets about 75%. Interesting how things which were once rejected may indeed be recycled. Stay tuned…

***ENERGY & POLITICS*: WILL EDISON BE RESCUED???**

Editor's note: Here are some briefs about Calif.'s continuing energy crisis…

♦ ***Calpeek*** sources remain pessimistic that the CA Legislature will be able to find a solution that will satisfy So. Calif. Edison – and thus the big utility may be forced to go into Federal Bankruptcy Court here in L.A. Legislators left for their summer recess without voting on any plan, although there are at least two bills which are up for consideration: SB 78xx and AB 82xx. The senate bill by Byron Sher(D-Palo Alto) probably has the better chance, because it is the only one which protects members who vote for it. Sources say legislators are *absolutely paranoid* that if they vote for anything which resembles a "bailout" they will be ***political toast***. That's why Gov. Davis' original MOU with SCE is DOA – it's considered a "bailout." What are the odds that SCE already has its attorneys working on a bankruptcy filing? Our sources say 100%…

♦ FERC voted 5-0 July 25th to hold a 2-month long special hearing to determine how much Calif. is owed by power generators. Calif.'s ISO claims generators overcharged by $8.9 billion. Generators offered to settle for $716 million. FERC Adm. Law Judge Curtis Wagner, in his recommendation to the commission, believes the generators owe about $1 billion. A decision is due in late September…

♦ U.S. Sen. Barbara Boxer(D-CA) has won approval in a House/Senate conference cmt. to give the Western Area Power Admin. $1.3 million to begin planning and environmental studies for an expansion of Path 15 – the power lines which carry electricity between Northern and Southern Calif. Right now there's gridlock in the Central Valley area because there's not enough line capacity. The overall idea is to build a new 84-mile, 500-kilovolt line. That should do the trick…

♦ Who has paid for the $2-million+ tv/radio hit ads aimed at Demo Gov. Gray Davis' handling of the State's energy crisis??? The group producing the ads is called American Taxpayers Alliance – a DC-based group run by GOP operative Scott Reed. He's a consultant with links to the Bush White House. Davis has filed a lawsuit to force ATA and Reed to disclose who helped fund the ads. Stay tuned…

DOWN BALLOT DEMOS SCRAMBLE AS U.S. REP. GARY CONDIT WILL SEEK REELECTION IN 2002.

Editor's note: **Calpeek** sources are fairly confident that U.S. Rep. Gary Condit(D-Ceres) will seek reelection next year, despite all his problems. The most immediate impact of the congressman's decision is on his son, Chad, who won't run for the 26th Assembly District. Here's our update & analysis…

…Two things are happening now that word is spreading that Gary Condit will seek reelection. Calif. State Assemblyman Dennis Cardoza(D-Turlock) is now gearing up to run for the 12th SD now held by GOP State Sen. Dick Monteith(R-Modesto), who is *termed out*. Although sources say Cardoza had been contacted by the DCCC, as long as Condit is seeking reelection, Cardoza will focus on running for the State Senate. New financial reports were due July 31st, but as of his last report (12/31/00), Cardoza's warchest had $226,066 cash on hand. Former GOP Assemblyman George House also was looking here, but when Condit got into trouble, House began to focus on the 18th CD…

…With Chad Condit bowing out of the 26th AD, the seat now held by Cardoza, the field is wide open. Merced Co. Deputy DA Larry Morse has said he will run. Morse lost to Cardoza back in 1996 in a very bitter Demo primary – Morse helped Cardoza's GOP opponent, so there's no love lost here. Also testing the waters are Walter Hughes, an assembly consultant and close Cardoza ally; Merced Co. Sup. Gloria Keene; and Stanislaus Co. Sup. Paul Caruso. Of these candidates, Morse and Hughes seem to be the most serious. Stay tuned…

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DOG DAYS OF SUMMER: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting…

■ ***Big Changes at Stoorza PR*** – San Diego-based Stoorza Communications has sold its Sacramento and Riverside offices to current Stoorza executives and also has sold its San Diego-based campaign management firm, Campaign Strategies. Consultant Tom Shepard is now the owner of the campaign firm, which he has renamed Tom Shepard & Associates. The Sacto office was purchased by Jeff Randle, with Mitch Zak also owning part of the firm. It has been renamed Randle Communications. The Riverside office has been sold to former Stoorza Pres. Patrick O'Reilly. Sources say that all three new firms will remain "affiliated" with the San Diego Stoorza office, still under the ownership of Gail Stoorza. Just prior to this sell-off, former top Stoorza execs David J. De Pinto and Robert A. Morales formed De Pinto Morales Communications, Inc., based in L.A. (310)502-7928. De Pinto was President & CEO of Stoorza, while Morales was a Sr. VP. De Pinto left Stoorza in March, while Morales resigned in June. Also Jack Brumfield, a longtime fixture in Stoorza's L.A. office has left to form his own p/a govt. affairs firm, Pinnacle Advisors (213)447-4421…

■ ***Parksy Vs. CRP Conservatives*** – Is the Calif. Republican Party in for another big battle it's Sept. 14-16 convention at the LAX Marriott Hotel? Our sources say YES and the cause of an expected confrontation are some reform proposals being put forth by CRP executive board member Gerald Parsky (close Bush ally in Calif.). The proposals in question were put together by Parsky as part of the CRP's "reform & restructing" review. Big story about Parsky's plan in July 23rd edition of Human Events under the headline of *Bush Friend Plotting Coup in Calif. GOP.* More next week…

■ ***Living Wage Battle in Santa Monica*** – The Santa Monica Council voted 5-2 on July 24th to raise the minimum wage in that Westside city to $10.50 per/hour + $1.75 for health benefits. The pay hike impacts about 40 hotels and restaurants which are NOT unionized. Unionized businesses are exempt from this minimum wage. In Calif. the minimum wage is $6.25 and in the U.S. it's $5.15. Opponents have organized under the banner of Santa Monicans Fighting Against Irresponsible Regulation(SM-FAIR) and have started a drive to collect 5,700 signatures to put the item up for a citywide vote. The group pushing the new minimum wage goes by the name of Responsible Tourism…

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We've got a ton of these announcements…

● A sad note: Fresno media guru Dalton Moore, who helped launch the careers of such Central Valley political leaders as Bill Jones, Cal Dooley, Mike Briggs, the late Ken Maddy and numerous others, died July 21 at his home in Fresno. He was 65 and had been battling cancer. R.I.P…

● Media consultant Mark Armour has opened his own consulting firm at 8275 Kirkwood Dr., L.A. 90046. It's called armourMedia. (310)654-2950. Armour was with political consulting firm of GMMB for 11 years…

● Mitchell Englander has formed Issue Strategies, Inc. in affiliation with Arnie Berghoff, Ken Spiker Jr. and Fernando Guerra. The issue advocacy, lobbying, community relations and campaign mgt. firm is at 1100 S. Flower St., Ste. 2100, L.A. 90015. (213)746-4400…

● Verizon has hired Julie Bronstein as director of public policy & programs, based in Thousand Oaks. She was director of govt. affairs for the Motion Picture Assn. of America…

● Former L.A. Dep. Mayor Eric Moses has joined the L.A. office of Fleishman Hillard as managing supervisor. He's a former Daily News and City News Service staffer…

● Gov. Davis has named Steven D. Ling as director of CA's Taiwan Office of Internat'l Trade & Investment…

● U.S. Rep. Buck McKeon(R-Santa Clarita) has named Scott Wilk as Admin. Asst. & press secretary…

CALPEEK'S MARKETPLACE NETWORK

● **Growing Republican polling** firm in Southern Calif. needs a sharp data analyst. Experience, awesome writing skills, crosstab and regression familiarity all musts. SPSS very helpful. Knowledge of San Diego, SoCal and state politics a plus. Work from home. E-mail: john@cerc.net.

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